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WORLD AFFAIRS

Titov In Orbit 25 Hours

Earth Circled 17 Times. Maj. Gherman Stepanovich Titov, 26, rode in orbit in the Soviet space ship Vostok II for 25 hours and 18 minutes Aug. 6-7 and landed safely after completing more than 17 trips around the earth. He was the 2d human being known to have gone into orbit but the first to remain in orbit for more than one journey around the earth. He was in a state of weightlessness while in orbit.

Titov's space ship was launched in the nose of a multi-stage rocket at 9 a.m. Moscow time Aug. 6 from an undisclosed Soviet site (generally believed to be the Baikonur missile center in Kazakhstan). Titov completed his first journey around the earth at 10:28 a.m., and Moscow Radio announced at 10:40 a.m. that he was in orbit. Titov, who was kept under TV observation during his entire trip, took routine observations, communicated frequently with Soviet ground stations by radio, maneuvered the space ship twice by manual controls, ate 3 meals and slept for 8 hours and 7 minutes while in orbit. He landed, according to Tass, at 10:18 a.m. Aug. 7 "in a predetermined region of the Soviet Union not far from where Vostok I landed with Maj. Gagarin aboard."

Tass reported that Vostok II's orbit was close to the planned orbit. Its apogee (highest point) was 257 kilometers (159.3 miles) and perigee (low point) 178 kilometers (110.3 miles). It was inclined at an angle of 64° 65′ to the equator. While in orbit, the space ship circled the earth once every 88.6 minutes at an average speed of 17,360 mph. Vostok II weighed 4,731 kilograms (10,430 pounds), not counting the weight of the last stage of its carrier rocket, and it traveled more than 700,000 kilometers (434,960 miles) from launching pad to landing site. It carried unspecified "biological organisms" in addition to Titov and scientific equipment.

In a pre-launching statement, Titov had dedicated his flight "to the 22d Congress of our own Communist Party" and had thanked "the Central Committee of our own Leninist party, the Soviet government, dear Nikita Sergeyevich Khrushchev for the trust extended to me." After completing his first orbit Titov radioed greetings to Khrushchev from space. Khrushchev's congratulatory reply and a comradely message from Gagarin, the USSR's first "cosmonaut," were radioed to Titov in orbit. After landing, Titov spoke by phone to Khrushchev. Titov, who had been a candidate member of the Communist Party, was told by Khrushchev that his flight had earned him full CP membership. Khrushchev told Titov that his "heroic flight has shown once again the capability of Soviet man reared by the Communist Party."

Messages lauding Titov's feat were issued on both sides of the Iron Curtain. In the U.S., Amb.-to-UN Adlai E. Stevenson said Aug. 6 in a statement drafted in consultation with Pres. Kennedy: "Russia's scientific contributions to the conquest of outer space command our admiration. Orbiting a new astronaut for a longer period is another step forward. Let us hope this capsule is recovered and the life of this brave man spared. . . . This event sharpens the need for some international action to regulate the use of outer space for peaceful purposes and to keep the arms race from spreading to that field."

Chrmn. Richard B. Russell (D., Ga.) of the Senate Armed Forces Committee said Aug. 6 that "there are some indications that a satellite of this size could be utilized as a very dangerous weapon." Chrmn. Overton Brooks (D., La.) of the House Science & Astronautics Committee said the Titov flight showed that the Soviets had "the means of terrifying the earth." Sen. Henry M. Jackson (D., Wash.) said the flight's "immediate effect . . . will be in the field of diplomacy" as part of "a buildup of military power to make their diplomatic arm stronger and more effective" in Berlin. Sen. Barry M. Goldwater (R., Ariz.) called the flight an example of "good timing" in psychological warfare.

Titov passed over most of the inhabited parts of the earth during his 25 hours in orbit. He flew over London at 1:30 p.m. (Moscow time) Aug. 6 and over Washington at 5:45 p.m. He sent messages of good will to the peoples of many countries as he passed over them. Identifying himself by the code name "Eagle," Titov broadcast on the frequencies of 15,765, 20,600 and 143,625 megacycles. Telemetered data was transmitted on a 19,995-megacycle frequency.

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Week in Headlines

Soviet cosmonaut Gherman Stepanovich Titov rode Vostok II space vehicle into orbit, circled earth 17 times in 25 hours before safe landing in USSR.

Premier Khrushchev answered Pres. Kennedy's speech on Berlin; repeated USSR would sign East German peace treaty if West refused to negotiate; warned Soviet troops might be moved west.

2 U. S. jet airliners hijacked in flight; one flown to Cuba, 2d recaptured on landing.

Pres. Kennedy met with visiting Nationalist Chinese Premier Chen Cheng.

U. S. filed 3 suits to enjoin discrimination against Negro vote registrants in Mississippi, Ala.

Titov ate food in paste form from tubes while in flight. He started his first meal in space (lunch) at 12:30 p.m. (Moscow time) Aug. 8 and had supper at 5 p.m. He slept from 6:30 p.m. Aug. 6 to 2:37 a.m. Aug. 7 and had breakfast at 5:45 a.m.

The initial Tass announcement said that "the tasks of the flight are to study the effects on the human body of prolonged orbital flight and the descent to the surface of earth; to study man's work capacity during sustained weightlessness."

Titov's first press interview, exclusively with Soviet newsmen, was published in Izvestia Aug. 8. Titov reported that "weightlessness does not interfere with man's capacity for work." He said that the Vostock II, which he had controlled manually for a total of about 2 hours, "was a very smart machine . . . very easy to guide. I could turn it any way I wished. I could steer it in any direction needed, and I could land it wherever I wanted. . . . I felt like a real pilot." He had observed the earth through the space ship's 3 portholes, he said. According to Titov: "The earth was remarkably beautiful from my altitude. . . . I saw with my own eyes that the earth was a sphere." He recalled that "each 1½-hour loop around the earth was half in daylight and half in dark" and added: "You might say that in my 25-hour flight I put in 17 days and 17 nights of work." [See pp. 125B1-D2, 264D-G2]

Facts on Titov. Born in Verkhneye Zhilino, a Kosikha District village in southern Siberia's Altai region near Chinese border. Son of schoolteacher. Was good athlete and student but decided against university education in favor of pilot training. Joined Komsomol (Young Communist League) in 1949. Married to Tamara Vasilyevna, 24. Close friend of Maj. Yuri A. Gagarin, the first Soviet cosmonaut. Titov had been Gagarin's alternate and would have made the initial Soviet orbital flight Apr. 12 if anything had happened to Gagarin.

Gagarin Tours West. Soviet cosmonaut Yuri Gagarin visited Cuba July 24-28 and Brazil July 28-Aug. 3 as a Soviet good-will ambassador, was Cyrus Eaton's guest in Pugwash, Nova Scotia Aug. 5 and then flew back to Moscow Aug. 6-7 to greet fellow cos-

monaut Gherman S. Titov on learning of the latter's successful orbital flight. He was greeted by enthusiastic crowds at most stops on his trip. [See p. 275A-B2]

Berlin & Germany

Khrushchev Answers JFK. The Soviet reply to Pres. Kennedy's July 25 speech on Berlin was delivered by Premier Khrushchev Aug. 7 in a televised address to the Russian people.

Khrushchev reaffirmed the USSR's determination to sign a separate German peace treaty that would end Soviet occupation rights in East Germany and Western occupation rights in West Berlin. He declared again that the USSR opposed taking any military steps that might increase the danger of a new war, but he asserted that it might be compelled to begin moving troops westward in response to NATO pressures.

Khrushchev's warnings were coupled with this appeal for a negotiated settlement of the German problem: "The Soviet Union does not want to go to war with anyone. We do not need anyone's territories, anyone's wealth. . . . This is why we address . . . the United States of America, Britain and France once more: Let us honestly meet at a roundtable conference; let us not create a war psychosis, let us clear the atmosphere, let us rely on reason and not on the power of thermonuclear weapons."

Khrushchev protested that Pres. Kennedy, in his July 25 speech, had resorted to threats and had presented the USSR with "something in the nature of an ultimatum." He said Mr. Kennedy had warned Americans that they faced "a challenge of some kind from the Soviet Union," "but he did not say a single word about the substance of the matter, . . . that the Soviet Union proposes to conclude a peace treaty with Germany and that it strives to work out the terms of this treaty jointly with all states that took part in the war against Germany."

Khrushchev recalled that Pres. Kennedy had "said during our talks in Vienna that a balance of power had now been established between the 2 world camps and that a direct clash between the USSR and the United States must be prevented because such a clash would have the most disastrous consequences." Khrushchev said this was "a sober view . . . and displayed a definite realism." But, he asserted, Mr. Kennedy had failed to support it with reasonable actions.

Khrushchev, describing the USSR's military response to Mr. Kennedy's speech, said:

- "It may be that we shall have to increase in the future the numerical strength of the army on the western frontiers by moving divisions from other parts of the Soviet Union." "In connection with this, we may have to call up a part of the reservists so that our divisions have a full complement . . . ready for any eventuality." The USSR would not order new increases in its military budget because it had enough arms, including missiles with nuclear warheads.
- ". . . . It would be criminal thoughtlessness to expect . . . that after unleashing war against the Socialist states it would be possible to keep it within certain bounds. If a clash does occur between the 2 giants . . . neither would be ready to admit defeat without having used all weapons, including the most destructive ones."
- "We cannot view with indifference how the aggressive quarters of the Western powers, with Chancellor Adenauer's help, are mobilizing . . . Western Germany for a 3d World War." West Germany had become an integral part of the NATO "military bloc spearheaded against the Soviet Union." "By will of the Western powers, more inflammable material has been stockpiled in the center of Europe. . . . It is here that the flame of a world war again threatens to break out."

(Soviet policy views similar to those outlined in his address were emphasized to visiting Italian Premier Amintore Fanfani by Khrushchev in a series of Moscow talks Aug 2-5. In a farewell statement before Fanfani's departure Aug. 5, Khrushchev conceded their "different opinions" on the Berlin problem but again called for negotiations on a settlement. Moscow sources reported Aug. 6 that Khrushchev had warned Fanfani that both Italy and Britain were "hostage" to Soviet missiles and would be destroyed if nuclear war resulted from a Western resort to force in Berlin.) [See p. 261B1]

Soviet Notes to West. The Soviet government's demand for Western participation in a conference on a World War II peace treaty with Germany and a settlement of central Europe's postwar frontiers was repeated in notes delivered to the U.S., Britain and France Aug. 4 and made public Aug. 5.

The Soviet messages were in reply to Western notes transmitted to the USSR July 17 in response to the memo on Germany delivered by Soviet officials at the end of the June 3-4 Vienna meeting of Pres. Kennedy and Premier Khrushchev.

The 3 parallel Soviet notes repeated the cardinal points of Russia's recent policies toward Germany: (1) To preserve peace, a settlement was necessary of the outstanding problems left by World War II in Berlin, Germany and central Europe. (2) The most feasible way to effect a settlement was by signing a German peace treaty under which West Berlin would be transformed into a demilitarized "free city" and negotiation of Germany's reunification would be left to the East and West German governments. (3) If the West refused to join the USSR in an international conference on such a treaty, the USSR would sign a separate treaty with East Germany. (4) This treaty would terminate Western occupation rights in West Berlin and would force the Western powers to renegotiate the guarantees of their Berlin position with the East German government. (5) The entire Soviet bloc was ready to support East Germany if the West refused to accept a peaceful transformation of its Berlin position. (6) The USSR was prepared to begin negotiations with the West either on (a) a German peace treaty, or (b) guarantees to assure the freedom of West Berlin and its contacts with the West under a "free city" statute.

Partial text of the Soviet note addressed to the U.S.:

"The Soviet government was willing to believe that the United States . . . is sincerely prepared to assist in consolidating peace . . . as it was solemnly declared by the present [Kennedy] Administration. . . . However, in reply to the Soviet Union's call to begin settling jointly one of the most important and burning issues of our time, on whose solution peace and tranquility in Europe depends—conclusion of a peace treaty with Germany—the United States . . . confined itself to setting forth . . . [a] position . . . which is far removed from true concern for peace. . . .

"For many years the United States has been evading peaceful settlement with Germany, putting it off till the indefinite future. The American note shows that . . . [it] apparently prefers to continue adhering to this line.

". . . The entire content of the American note shows that the United States' . . . main concern is to justify its policy . . . and, as far as possible, avoid responsibility for the fact that no line has thus far been drawn under World War II and that there is no stability and international lawful order in the center of Europe while militarists and revanchists are again growing strong in Western Germany.

"Before everybody's eyes Western Germany is becoming a seat of war danger in Europe. A regular army headed by former Hitler generals and officers has sprung up there. Already now, Western Germany has the largest army on the European Continent among all NATO member countries. [Its] representatives . . . are capturing key posts in NATO headquarters one after another. The West German military are spoiling to get weapons of mass destruction into their possession. The Bundeswehr is being formed and trained as an army designed to wage a rocket-nuclear war. . . .

"The United States, apparently, is inclined to belittle the significance of the war potential of [West Germany], . . . proceeding from the fact that so far it is much inferior to the American. But it would be dangerous to overlook that [West Germany] . . . already now has more than sufficient armed forces and armaments to provoke a general military conflict. . . .

"No matter whether we proceed from the necessity of raising an obstacle to the growth of militarism and revanchism in Western Germany . . . or from the interests of improving relations between the great powers . . . the conclusion is unavoidable that a German peace treaty must be concluded.

"In its note the United States . . . emphasizes that the question of a peace settlement with Germany cannot be settled until the reunification of Germany has been realized. But this is . . . an unrealistic approach. . . . The problem of Germany's unification is a purely internal problem of the German people, and it can be solved only on the basis of agreement between the 2 German states. . . .

"Manipulations with the slogan of self-determination of the German nation in the conditions when 2 independent German states exist are a rather cheap trick. . . . They are separated by deep-going differences in the internal way of life, in other words, by deep-going social differences. . . . Both these states have long since made their choice. . . .

"The 4 powers can change nothing in the obtaining situation. Even if they agreed between themselves on the order of Germany's reunification desirable to them, they would have to impose their decision on the 2 German states by force. . . .

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"If the Western powers and [West Germany] . . . refuse to sign a peace treaty with Germany, such a treaty will have to be signed without them. In this case a peace treaty will be concluded between the states which participated in the war against Hitler Germany, and which will be desirous to do so, and the [East] German Democratic Republic, which has already agreed to this.

". . . This treaty will juridically seal the [post-war] frontiers of Germany. . . .

". . . By refusing to take part in a peace settlement, the United States . . . would place itself in a position where the West Berlin question would be settled without it, with all consequences for the rights of the Western powers based on Germany's surrender.

"The proposal to turn West Berlin into a demilitarized free city means nothing other than the Soviet Union's readiness to settle, jointly with all sides concerned, the question of the status of West Berlin after the signing of a . . . treaty. . . .

"As regards the freedom of West Berlin, that is, the inalienable right of the city's population to settle the questions of internal life at their own discretion and to establish the political and social system in accordance with their own desire, this freedom is threatened by no one. On the contrary, the conclusion of a peace treaty, be it with one or both German states, will create a more solid basis for insuring freedom of West Berlin. . . .

"The Soviet government has declared and declares again: It suggests conclusion of peace and a peace treaty with Germany. If this or that power or a group of powers take actions which will lead to dangerous consequences, it will not be the Soviet Union. Entire responsibility for the possible dangerous consequences . . . will be borne by all those who will take steps directed against peace."

A similar Soviet message delivered to West Germany Aug. 4 warned that its people would not survive "even a few hours of the 3d world war if it is unleashed" over the Berlin crisis. [See p. 253B1]

Warsaw Pact Meeting. The heads of the Communist Parties of the 8 Warsaw Pact countries announced their determination Aug. 5 to sign a peace treaty with East Germany by the year's end.

The announcement was made in a joint communiqué issued by the 8 Communist leaders at the end of a 3-day Moscow meeting held "to discuss questions connected with . . . a German peace treaty."

The communiqué said: "The meeting . . . expressed readiness to contribute by every means to the attainment of a peaceful settlement with the 2 German states, coordinated with the Western powers"; "the German peace treaty should record the situation which has developed in Europe after the war, record in legal form the immutability of the present German frontiers, normalize the situation in West Berlin"; reliable and effective guarantees will be furnished by the peace treaty to insure strict nonintervention in the affairs of West Berlin and access to it"; "the meeting expressed the inflexible determination of all its participants to achieve a peace settlement with Germany before the end of this year."

Western Ministers' Meeting. State Secy. Rusk, French Foreign Min. Maurice Couve de Murville and the Earl of Home, British foreign secretary, conferred in Paris Aug. 5-7 on a coordinated Western response to the latest Soviet moves in the Berlin crisis. They were joined, for the first 2 days of talks, by West German Foreign Min. Heinrich von Brentano.

Official spokesmen declared Aug. 6 that the foreign ministers had reached agreement to affirm the West's readiness to negotiate a Berlin settlement on a "reasonable basis." They made it clear that such negotiations, if they took place, would have to be under "conditions of mutual respect and without preconditions." The 4 ministers were said to have decided against any rapid reply to Soviet calls for negotiation of the Berlin crisis. This was described as a concession to French-West German views that a Western peace initiative, under current Soviet pressures, would be interpreted as a sign of weakness.

The ministers' spokesmen declared that the 4 countries were agreed that they would not enter negotiations over Berlin under a threat of Soviet renunciation of wartime obligations in Germany or the signing of a Soviet-East German peace treaty. It was reported that, before entering such negotiations, the West planned to ask West Berlin to hold a plebiscite on the retention of Western troops in the city.

The 3-day Paris meeting was divided into 2 phases; an initial series of sessions devoted to Berlin and Europe Aug. 5-6, and a final session centering on Asia and other problems Aug. 7.

NATO Developments. Coordinated policies worked out by the Western foreign ministers were presented to the NATO Permanent Council in Paris Aug. 8 by State Secy. Rusk and were indorsed immediately by the alliance's 15 member states.

A communiqué issued by the Council Aug. 8 said NATO would begin intensified consultations on the measures deemed necessary in view of the Berlin crisis. It reaffirmed a May, 1961 NATO Ministerial Council statement that "a peaceful and just solution of the problem of Germany, including Berlin, is to be found only on the basis of self-determination."

Rusk's report was said to contain an appeal for NATO states to take rapid steps to fulfill their assigned military manpower and readiness commitments. (NATO forces were believed to total 21½ divisions; the alliance's long-range plans reportedly had provided for a current strength of 30 divsions. The N.Y. Times reported Aug. 9 that the U.S. was prepared to strengthen its 5 divisions in West Germany and to airlift up to 6 more Army divisions and 2 Marine divisions to Europe or elsewhere in the event of a sudden worsening of the crisis.

The U.S.' intention to press other NATO states to fulfill their military commitments and take other steps to demonstrate Western firmness over Berlin had been disclosed by Pres. Kennedy at a Washington news conference July 19. The President, conceding that other NATO states bore "particular burdens," said the U.S. "will . . . have consultations with them about what we in common can do." He added: "If this alliance is going to move in concert, . . . we have to improve our consultation" and "come to decisions . . . quickly."

Defense Secy. Robert S. McNamara and Gen. Lyman L. Lemnitzer, chairman of the Joint Chiefs of Staff, flew to Europe July 22 to begin talks with NATO and European officials on strengthening Western defenses. They conferred in Paris July 23 with NATO Secy. Gen. Dirk U. Stikker and the NATO supreme commander, Gen. Lauris Norstad, and in London July 24 with British Defense Min. Harold Watkinson before returning to Washington.

(West German Defense Min. Franz Josef Strauss had met with McNamara in Washington July 14 during a visit to the U.S. to negotiate the purchase of $165 million worth of military equipment, including Pershing missiles and F104 jet fighters. Strauss, who had arrived in the U.S. July 13, said at a farewell press conference Aug. 1 that he believed the USSR might risk "city guerrilla warfare" in Berlin but not general nuclear war.)

Norstad, in testimony made public July 9 by the House Foreign Affairs Committee, had estimated that NATO faced a Communist force totaling 126 land divisions and 12,000 aircraft west of the Urals. Norstad said the far smaller NATO forces could "render a very good account of themselves" but still were inadequate to bear "the full burden of their responsibilities." He urged the beginning of a new long-range NATO buildup and the admission of Spain to the alliance.

Stikker ended a series of conferences with Pres. Kennedy, Rusk and McNamara June 16 and told Washington newsmen that "Khrushchev made it abundantly clear that there is urgency" in the need for increased NATO strength. Stikker declared that NATO forces were sufficiently strong to halt "local incursions" but that a full-scale Communist attack on Europe could be stopped only with nuclear weapons.

(Orders for the transformation of 3 U.S. training divisions to combat units within the Strategic Army Force were made public by the Army Aug. 8. The 3 units were the First and 2d Infantry Divisions and the 2d Armored Division. Pentagon sources reported Aug. 4 that current Administration plans provided for the callup of only 185,000 of the 225,227 men requested by Pres. Kennedy in his July 25 speech on Berlin. It was reported July 31 that 4 Air Force bases scheduled for closure would remain open under the plan to prolong use of B-47s and that 40 ships—22 troop and cargo transports and 18 anti-submarine craft—would be reactivated from "mothball" fleets.) [See p. 273G1-F3]

East German Exodus. Substantially increased numbers of East Germans —30,415—were registered at West Berlin refugee centers in July.

The renewed exodus from East Germany was attributed to fears that the West Berlin escape route would be sealed off by the USSR and East German government. It also was considered an indication of worsened living conditions in East Germany and of harsh coercive measures applied by the regime of East German CP First Secy. Walter Ulbricht. The influx into West Berlin refugee centers reached a daily average of more

than 1,500 in the beginning of August. These figures were the highest reported since Mar. 1953. At least 2,000 of those registered in July were said to have come to West Berlin for the biennial "Kirchentag" rally of the German Evangelical Church July 19-23.

(East German refugees usually reached the West by going to East Berlin and then taking the elevated municipal railway to a station in West Berlin. Refugees also used several Berlin border points where pedestrians were able to cross from one zone to the other with minimum surveillance. The border between East and West Berlin was kept open under the wartime Allied agreement for joint occupation of the city. Refugees were flown from West Berlin to West Germany.)

West German Chancellor Adenauer declared July 13 that the large number of East Germans fleeing via West Berlin proved that "the people of East Germany have been gripped by . . . . fear and panic as a result of new restrictive measures by the Communist régime." All-German Affairs Min. Ernst Lemmer said July 22 that the exodus was a "catastrophe" for the Communist régime; he asserted that 3½ million persons had fled East Germany since 1945.

The East German government, in an attempt to stem the refugee flow: (1) Reinforced police controls on train traffic to East Berlin (reported July 22) and began army surveillance of truck and other highway traffic to the city (reported July 27). (2) Announced Aug. 1 that the East German Health Ministry had asked the government to "take steps in regard to travel between West Germany" and East Germany in view of an alleged West German polio epidemic. (3) Began police harassment (reported Aug. 2) of the estimated 53,000 East Berliners who worked in West Berlin and crossed the city border daily. (43,000 East Germans were registered with the West Berlin currency equalization agency; another 10,000 were believed to work there without registration.) (4) Issued decrees (Aug. 4 by the East Berlin Governing Council) ordering all East Germans working in West Berlin to register and pay their rent and utilities in West German Deutsche Marks, valued at 5 times the East Mark.

East Berlin Mayor Friedrich Ebert called on West Berlin Mayor Willy Brandt Aug. 3 to cooperate in forming a joint committee to settle the "border crossing problem."

(Decrees requiring all foreign aircraft equipped with radios to register with East German air control agencies became effective July 31. The decrees were ignored by Western planes and were not enforced.) [See p. 238G1]

The U.S., British and French military commandants in West Berlin protested to the Soviet commander Aug. 3 against East German measures designed to "discriminate against and penalize" East Germans employed in West Berlin. Identical notes sent to Red Army Col. I. A. Solovyev by Maj. Gen. Albert Watson 2d of the U.S., Maj. Gen. Sir Rohan Delacombe of Britain and Brig. Gen. Jean Lacomme of France warned that the East German actions were in violation of the Berlin agreements signed during World War II and following the 1948 Berlin blockade.

Other Berlin Developments. Among other developments relating to the Berlin crisis reported from Britain, France, East Germany, West Germany and the U.S.:

Britain—In a nationwide radio-TV address Aug. 4, Prime Min. Macmillan declared that Britain would honor its "responsibility to those 2 million people in Berlin" because "it would be neither prudent nor honorable to abandon them." Macmillan asserted that, "while we . . . stand firm on our rights, there is perhaps the possibility of . . . negotiation" on the Berlin problem. Macmillan had made it clear in a statement to Parliament July 4 that Britain's overall policy on Germany remained the "phased program for German reunification" presented by the West May 14, 1959 at an East-West foreign ministers' conference on Germany in Geneva.

Macmillan told Parliament June 27 that there could be "no question whatever of any modification of British commitments" in Berlin. He said the West was prepared to discuss the Berlin issue but that such talks must be "negotiations, and not . . . blackmail."

A Parliamentary statement made July 31 by Deputy Foreign Secy. Edward Heath asserted that the West "cannot prevent the signature of a separate peace treaty with East Germany, but neither can our rights in Berlin be affected by . . . a peace treaty . . . made unilaterally."

The Earl of Home, British foreign secretary, told the House of Lords July 19 that Britain had "never insisted on the status quo" in Berlin but that any change must be by "consent." He warned that "one false step over Berlin could easily plunge Europe into war."

(Ex-Prime Min. Anthony Eden called June 10 for the establishment of "a political general staff" to coordinate the West's response to Soviet policies.)

France—Pres. de Gaulle declared July 12 in a radio-TV report to the French people that there was "no chance" that the West would accept Soviet terms for settlement of the Berlin crisis. De Gaulle, who accused Khrushchev of invoking "the peace of the world while posing demands that risk . . . it," warned the Soviet leader that his German policy could have serious consequences. De Gaulle emphasized that a Berlin settlement was possible only if the USSR halted its threats as a first step toward a relaxation of tensions. He said France planned to shorten its 27-month conscription term and to use the savings for modernizing its armed forces.

De Gaulle had warned in a speech June 30 that the world was "on the eve of a serious . . . crisis" because "in the East there exists a bloc and we do not definitely know whether it wants a war or peace."

East Germany—CP First Secy. Ulbricht told the East German Volkskammer (lower house) July 6 that "there will be no shooting" in Berlin but that the city "must cease being a bastion of the cold war" through a Soviet-East German peace treaty. Ulbricht said that such a treaty was "on history's calendar for 1961." He declared that it "will apply to all of East Germany, including West Berlin. This means clearly that the Allied . . . rights in West Berlin will be lifted."

Deputy Foreign Min. Otto Winzer July 10 rejected Western contentions that East German border police might be permitted to exercise a rôle in Berlin access control as "agents" of the USSR. Winzer asserted that East Germany had "full sovereigntv. and its authorities will not act as the agents of any other power."

(A major reorganization of the East German government's economic agencies was approved by the Communist Party Central Committee July 4 and was made public the next day. The reorganization, to deal with what was admitted to be a major economic crisis, provided for [a] the establishment of a new cabinet-level economic coordinating board under Chrmn. Bruno Leuschner of the State Planning Commission, [b] the naming of Karl Mewis as chairman of the State Planning Commission, [c] the formation of a new National Economic Council, to be headed by Alfred Neumann, [d] the appointment of Neumann and Mewis to the East German cabinet.

(East Berlin food regulations made public July 14 tightened butter rationing and imposed new controls against food smuggling to and from West Berlin. East German press dispatches reported July 14 that some East German farmers had begun a campaign for the breakup of collectives and a return to private farming.

(An agreement providing for 2 billion East Marks [$500 million at official rates] worth of supplemental Soviet aid to East Germany was signed in Moscow May 31. The aid was to be in the form of 5-year Soviet credits for East German purchases of heavy industrial goods food and raw materials above the levels provided in existing trade and aid accords.)

West Germany—A memo delivered to the Soviet government July 12 by West German Amb.-to-USSR Hans Kroll rejected proposals for direct Soviet-West German negotiations on a World War II peace treaty and the transformation of West Berlin into a free city. The West German memo, in reply to a Soviet note delivered Feb. 17, declared that a peace treaaty could be signed only by a freely elected all-German government. It declared that any bilateral treaty signed by either the East German or West German government would be illegal. It based the Bonn government's views on this precept: "It is an indispensable fact that, despite all developments following World War II, the German people continued to exist as an entity."

Chancellor Adenauer opened the West German election campaign July 6 with a speech in which he denounced any central European settlement based on the neutralization of Germany. Adenauer said: "He who has Germany has Western Europe and . . . the upper hand in the . . . dispute between East and West." "A country such as . . . [West] Germany, . . . a highly developed economy, lying between the Eastern and Western blocs, cannot remain neutral. Neutralization would not be honored in tense circumstances." Adenauer July 9 rejected a suggestion made the previous day by West Berlin Mayor Brandt for a "super peace conference" of the 52 nations that fought Germany during World War II. Adenauer again rejected Polish Foreign Min. Adam Rapacki's plan for a neutralized zone in central Europe because "it would bring no security to anyone" and "would only give us the status of a 2d-class people."

Adenauer flew to West Berlin July 12 and conferred with Brandt, his Social Democratic opponent in the West German election campaign. He told newsmen before leaving Berlin July 13 that any German settlement based on neutralization would "mean the end of Germany" and an "immense increase of power for the Soviet Union."

Brandt, addressing a West Berlin rally June 17 commemorating the 1953 East German uprising against Communist rule, said his answer to renewed Communist pressure on the city was: "We shall never surrender." Brandt told newsmen Aug. 7 that he saw no need for a West Berlin plebiscite on the continued presence of Western occupation troops but that it would be held if requested by the Western powers. He noted that "every day more than 1,000 people are voting with their feet against the ridiculous government in East Germany."

The 3d West German Bundestag adjourned its final session June 30 after adopting a resolution calling for renewed U.S.-British-French-Soviet negotiations on a free all-German government and a German peace treaty.

U.S.—State Secy. Rusk said at a Washington news conference July 27 that the West would seek "opportunities for a peaceful adjustment" of the Berlin problem without endangering the city's freedom. He asserted that the USSR's professed concern for its security in central Europe was "unreal" because there had been no attempt "to change the status quo by force" in 16 years. Rusk, interviewed on ABC-TV's "Editor's Choice" July 23, asserted that the Western powers would take the Berlin problem to the UN General Assembly if "it develops into a situation of very high tension."

Sen. Hubert H. Humphrey (D., Minn.) returned to Washington July 13 from visits to Geneva and Berlin and suggested that Khrushchev's renewed attack on the West in Berlin was "part of an effort to cover up the massive food problem in his wobbly empire."

Ex-Pres. Truman told newsmen July 29 that he believed Khrushchev's threats against the West in Berlin were a bluff and that the USSR would not risk war because it feared Communist China.

2 U.S. Airliners Hijacked

Gunmen Order Flights to Cuba. Ex-convict Leon Bearden, 38, of Chandler, Ariz. and his son Cody, 16, seized a $5 million Continental Airlines jet 707 in flight over Arizona en route from Phoenix to El Paso, Tex. early Aug. 3. They held 10 hostages aboard the plane for about 9 hours but were foiled in a plan to force the pilot to fly to Cuba.

A $5 million Pan American World Airways jet DC-8, en route from Mexico City to Guatemala, was seized Aug. 9 by a gunman identified later as Albert Charles Cadon, a French Algerian, who forced the pilot to fly the plane to Cuba. The plane was released by Cuban authorities that night and flown to Miami with all passengers and crew members aboard except the hijacker.

The Beardens took over the Continental 707 at about 5:09 a.m. Aug. 3 and ordered the pilot, Capt. Byron D. Rickards, 52, to fly to Havana. Rickards insisted that he would have to refuel at El Paso. On landing there, the Beardens decided to free 61 of the passengers because a pregnant woman among them appeared hysterical, but 4 volunteers among the passengers and 6 crew members were kept on the plane as hostages.

Authorities on the ground had been alerted by radio before the plane landed, and it was cordoned off by 200 FBI men, border patrolmen and state and city policemen and deputy sheriffs. After nearly 4 hours on the ground, the Beardens, at 9:02 a.m., ordered Rickards to take off. Rickards started to taxi down the field, but the plane was stopped when FBI and border patrolmen shot out its tires and an engine.

2 FBI agents and a border patrolman entered the plane during the next few hours. With the aid of border patrolman Leonard W. Gilman, 43, who was one of the passengers who had remained aboard as a hostage, they eventually surprised and subdued the 2 Beardens at about 2:47 p.m.

The Beardens, arraigned Aug. 3 on federal charges of kidnaping and transporting a stolen plane across a state line (a federal grand jury in El Paso indicted them on the charges Aug. 7), were held in El Paso County Jail. It was reported that the elder Bearden wanted to leave the U.S. and thought he could sell the plane in Cuba.

The Pan American airliner, which had left Houston, Tex. at 10 a.m. Aug. 9, was seized in flight shortly after its 12:37 p.m. take-off from Mexico City. It had 81 persons aboard, including Colombian Foreign Min. Julio César Turbay Ayala, an outspoken critic of Cuban Premier Fidel Castro. The pilot, Capt. Carl V. Ballard, 45, threatened with a .45 caliber pistol, flew to Havana's José Marti Airport and landed 2½ hours later. All aboard were treated by Cuban officials with courtesy, and Cuban Foreign Min. Raúl Roa came to the airport to talk to Turbay Ayala. Finally released by the Cubans, the plane took off at 11:14 p.m. and flew to Miami.

The Pan American DC-8 was the 3d U.S. airliner hijacked and flown to Cuba in 1961. [See p. 274F3]

NATIONAL AFFAIRS

The President

China Policy. A U.S. pledge to back Nationalist China's continued UN membership and to oppose UN membership for Communist China was given by Pres. Kennedy during conferences at the White House July 31-Aug. 1 with Gen. Chen Cheng, 63, Nationalist China's vice president and premier.

Nationalist Chinese Foreign Min. Shen Chang-huan, U.S. State Secy. Rusk and other U.S. and Chinese officials participated in the talks, whose subject matter ranged from Berlin to foreign aid. Chen and his party had arrived in the U.S. for a 10-day visit July 30. His invitation had been tendered on Pres. Kennedy's initiative.

In a joint communiqué issued Aug. 2, Mr. Kennedy and Cheng said they had exchanged views on the UN membership applications of Outer Mongolia and Mauritania and had expressed "concern" at the Soviet veto of membership for Mauritania.

According to press sources, Mr. Kennedy had been unable to persuade the Chinese Nationalists not to veto UN membership for Outer Mongolia. Chen had reiterated in a National Press Club talk Aug. 1 that Nationalist China would use every power available to it in the UN to block Outer Mongolian membership. Since the USSR had warned that it would continue to veto Mauritania's entry as long as Nationalist China barred Outer Mongolia, the U.S. conferees told the Chinese that some UN delegations—especially new ones from Africa — might blame Nationalist China for the veto of Mauritania and consequently might swing to the Chinese Communists in the dispute over which of the 2 Chinas deserved a UN seat. [See p. 183D-E1]

The communiqué said the U.S. (a) intended to continue military and economic aid to Formosa, (b) would reject any Geneva conference proposal that would result in Communist domination of Laos, (c) was determined that South Vietnam "shall not be lost to the Communists for lack of any [U.S.] support."

(Chen flew to New York Aug. 3. He was guest of honor Aug. 4 at a UN headquarters luncheon given by UN Secy. Gen. Hammarskjöld and boycotted by representatives of the USSR, UAR and Ceylon. Chen Aug. 4 derided as "sheer nonsense" speculation that Communist China was on the verge of producing an atomic bomb. He denied that there was adequate industrial facilities or technical

knowledge in Red China for such an accomplishment.)

The Senate June 28 adopted by 76-0 vote and sent to the House a resolution (S Con. Res. 34) opposing UN membership for or U.S. recognition of Communist China. The resolution was approved after a renewed month-long GOP drive against any shift in U.S. policy on the issue. Republican anxiety had been revived as a result of reports (denied by State Secy. Rusk in Chicago June 27) that the Kennedy Administration was considering a plan to propose that both Chinas get equal UN General Assembly representation.

Reported Kennedy Administration plans to establish diplomatic relations with Outer Mongolia were attacked by Republican leaders Everett M. Dirksen (Ill.) of the Senate and Charles A. Halleck (Ind.) of the House July 13. Chrmn. Styles Bridges (N.H.) of the Senate Republican Policy Committee demanded July 25 that the U.S. reject any "package deal" under which the U.S. would recognize Outer Mongolia and the USSR would withhold its veto of UN membership for Mauritania. Bridges warned that "we always seem to come out losers" on deals with the USSR and that "recognition of Outer Mongolia would merely be a side-door device to make the recognition of Red China a bit easier to put over at an early date." [See pp. 251C3, 202G2-203B1]

(The General Synod of the new 2 million-member United Church of Christ, meeting in Philadelphia, rejected July 6 a move to reverse its commendation of a 1959 proposal for U.S. recognition and a UN seat for Red China.)

Ethics Code. A code of "minimum standards of conduct" for federal employes was issued by the White House July 26. Prepared by the Civil Service Commission, the directive ordered government personnel to refuse any favors, employment, gifts, payments or loans that might raise even "a reasonable question" of partiality or of "conflict with . . . public duties and responsibilities." The code held that teaching, writing and lecturing "are generally to be encouraged" but that even such activities were barred if they caused even the appearance of conflict of interest.

The code specifically prohibited the disclosure or use by federal employes of "official information not made available to the public for the purpose of furthering a private interest." In answer to complaints from Chrmn. John E. Moss (D., Calif.) of the House Freedom of Information Subcommittee, the White House asserted Aug. 2 that the information restriction did not authorize any federal employe to withhold from the press or public any non-security information. White House Press Secy. Pierre Salinger said the curb was "intended solely to limit prior distribution of confidential information to an individual or a group . . . where the possession of such information would give . . . advantages not afforded to other citizens." [See p. 164C-D2]

Bowles Ouster Denied. Pres. Kennedy asserted at his July 19 press conference that "contrary to some reports, I have never asked Mr. [State Undersecy. Chester] Bowles for his resignation, nor has he ever offered it. I have always expected that he would be part of this Administration until it concluded its responsibilities." He added as a "general principle . . . that we are going to attempt to maximize the abilities of everyone working in the government. If I came to the conclusion that Mr. Bowles could be more effective in another responsible position, I would not hesitate to ask him to take that position. . . . My judgment is now that he should stay as Undersecretary of State. . . ."

Persistent reports and allegedly inspired leaks had claimed that Mr. Kennedy was dissatisfied with State Department administration and planned to transfer Bowles. Bowles' supporters said Bowles was under attack because of his strong views and because he backed younger men for high diplomatic jobs. The N.Y. Herald Tribune reported Aug. 4 that Amb.-to-UN Adlai E. Stevenson had interceded with Mr. Kennedy on Bowles' behalf.

Bowles left July 24 for an 18-day tour of Africa, the Middle East and Southeast Asia to confer with U.S. ambassadors in the region. The State Department had announced July 19 that Bowles would make a similar trip to the Far East and Latin America later in the year. [See pp. 248G3, 99D1, 46C-E1]

Civil Rights

U.S. Files 3 Vote Suits. The Justice Department Aug. 3 filed 3 suits demanding federal injunctions to stop alleged unlawful discrimination against Negroes seeking to register to vote in Walthall and Jefferson Davis counties in Mississippi and Montgomery County in Alabama. The suits were brought under the Civil Rights Acts of 1957 and 1960.

The Montgomery complaint, filed in Montgomery, named the state of Alabama and county registrars George Penton and Mrs. Samuella P. Willis as defendants. It said that 29,615 of the county's 62,911 eligible whites but only 2,885 of the 33,056 eligible Negroes were registered. The Justice Department asked the court (a) to forbid the defendants to engage "in any act which would delay, prevent, hinder or discourage Negro citizens" from registering and voting, and (b) to bar the application of different and more stringent standards to Negro applicants than to whites and (c) to order the registration of all qualified Negroes who had applied since Jan. 1, 1956.

Both Mississippi complaints were filed in Jackson, Miss. and named the state of Mississippi as a defendant. The Walthall complaint, also naming registrar John Q. Wood as a defendant, said Negro applicants were rejected arbitrarily. The Jefferson Davis complaint, naming registrar James Daniel as a defendant, said the number of Negro registrants (out of 3,222 eligibles) had dropped from about 1,200 in 1955 to about 130 in 1960 as a result of a new registration ordered in Feb. 1956 but that a majority of whites were registered throughout the period. "Different and more stringent standards" were applied to Negro applicants than to whites, the complaint charged, and Negroes with qualifications similar to white registrants were rejected. [See p. 249E-G3]

NAACP Convention. The NAACP's 52d annual convention, held in Philadelphia July 10-16, was highlighted by a trip to Washington July 12 aboard a 22-car "Freedom Train" by most of the more than 1,000 convention delegates. About 65 delegates, led by NAACP Executive Secy. Roy Wilkins and Bishop Stephen Gill Spottswood, the NAACP's chairman, met with Pres. Kennedy. They praised his executive action in the civil rights field, but told him they were dismayed at "the absence of a clear call" from him for civil rights legislation. The President replied that current civil rights legislation had not been fully utilized.

In an address to the convention July 14, Chrmn. Adam Clayton Powell Jr. (D., N.Y.) of the House Education & Labor Committee asserted he would "do everything in my power" to block legislation favorable to labor unions until they "start practicing common equality for black workers."

Thurgood Marshall, the NAACP's chief counsel spoke at a Freedom Fund dinner July 13 and advocated a "march for integration" against "every segregated facility."

During the convention, the delegates adopted resolutions: (a) condemning the John Birch Society, the House Un-American Activities Committee, Black Muslim or Negro nationalist groups that "advocate racial separatist policies," the revival of blackface minstrel shows and segregation in the National Guard; (b) approving the principles of sit-ins, Freedom Rides and selective purchasing. The Freedom Ride resolution said, however: "We do not require our members . . . to choose jail rather than bail."

(The NAACP's annual report, released July 9, said Negro political action in 1960 had increased in 95% of the 400 cities and counties in which the group had conducted voter registration programs. It said Negroes "showed an increasing alertness" to the prospective advantages of an active Negro electorate. The report also said the association's membership had increased to 388,347 and its 1960 income had exceeded $1 million.) [See Vol. XX, pp. 350G3-351C1]

ECONOMY

Small Business Aid. The Small Business Administration approved 3,068 business loans totaling $154,180,000 during Jan.-June, a record for "any comparable period since the start of the agency," according to an SBA progress report issued July 31. It had approved 2,091 loans for $98,887,000 in Jan.-June 1960. The agency awarded 22,361 government contracts for $746,827,000 during the 1961 period and licensed 128 addi-

tional small business investment firms to provide aid to small business. It had issued only 48 such licesnses in Jan.-June 1960. In Jan.-June 1961 the SBA also approved 37 loans for $4,480,000 to local development concerns and 2 loans for $490,000 to state development companies. [See Vol. XX, p. 118A2]

European Investment Up. West European firms' investment in U.S. plants and other facilities totaled an estimated $3½ billion July 12 (up almost $500 million since Jan. 1959), the Wall St. Journal reported July 13. New West European investments in U.S. business were being made at an estimated annual rate of more than $200 million, compared with $70 million 10 years previously.

Dow-Jones Peak. The Dow-Jones industrial stock price average rose from the record 705.96 set May 19 to 713.94 Aug. 1. [See p. 195B3]

Ore Consumption Drops. The American Iron Ore Association reported Aug. 1 that U.S. and Canadian steel mills had used 46,537,601 gross tons of iron ore during Jan.-June compared with 66,641,571 tons used in Jan.-June 1960. U.S. consumption totaled 43,191,485 tons during the 1961 period, down about 20 million tons from the 1960 period.

Anti-Trust Cases. A federal grand jury in Milwaukee Aug. 1 indicted 2 of the U.S.' largest manufacturers of optical equipment and 2 of the companies' officials on 2 counts of conspiracy to reduce competition and fix prices in the eyeglass industry. The firms were accused of manipulating prices and making it "unprofitable for independent wholesale laboratories to sell stock lenses to dispensers."

Defendants, all of whom denied the charges: American Optical Co. (Southbridge, Mass.) and Victor D. Kniss, executive vice president; Bausch & Lomb, Inc. (Rochester, N.Y.) and Alton K. Marsters, a vice president.

Philadelphia filed 12 more triple damage suits in U.S. District Court in Philadelphia July 17 against 17 of the heavy electrical equipment manufacturers fined for price-fixing. 7 of the suits covered purchases by Philadelphia from 1956-60; 5 were filed on behalf of the Philadelphia Gas Works for 1956-60 purchases. GE and Westinghouse were named in all 12 suits. Other defendants named in one or more suits: Allis-Chalmers, Federal Pacific Electric, I-T-E Circuit Breaker Co., Joslyn Manufacturing & Supply Co., H. K. Porter Co., Inc., Southern States Equipment Corp., Cutler-Hammer, Inc., Square D Co., Kuhlman Electric Co., McGraw-Edison, Moloney Electric, Wagner Electric Corp., Allen-Bradley Co., Clark Controller Co. and Carrier Corp. Philadelphia had filed 2 suits in June (one of the suits was filed in behalf of the Philadelphia Gas Works) for price-fixing on power switchgear assemblies; defendants: GE, Westinghouse, Allis-Chalmers, Federal Pacific and I-T-E Circuit Breaker.

The Commonwealth Edison Co., Northern Indiana Public Service Co., Public Service Co. of Indiana, Inc. and Central Illinois Electric & Gas Co. July 30 filed 9 triple damage suits in U.S. District Court in Chicago against 19 electrical equipment manufacturers. Defendants sued and the number of complaints in which they were named: Westinghouse, 9; GE, 8; Allis Chalmers, 6; I-T-E, 4; Federal Pacific Electric, 3; Moloney Electric, McGraw-Edison and Wagner Electric, 2 each; Carrier Corp., Foster Wheeler Corp., Ingersoll Rand Co., Joslyn Mfg., Kuhlman Electric, Porter Co., Sangamo Electric Co., Schwager-Wood Mfg. Co., Southern State Equipment Corp., C. H. Wheeler Mfg. Co. and Worthington Corp., 1 each.

The Justice Department filed a civil anti-trust suit in U.S. District Court in Houston, Tex. July 27 against 7 firms associated with the oil well servicing business. The firms were charged with conspiring since 1947 to monopolize the field through control of patents on the jet process for perforating oil-well casings to bring oil into the wells. Defendants: Borg-Warner Corp. (Chicago); Dresser Industries, Inc. (Dallas); Halliburton Co. (Duncan, Okla.); McCullough Tool Co. (Los Angeles); Pan Geo Atlas Corp. and Schlumberger Well Surveying Corp. (Houston, Tex.); Jet Research Center, Inc. (Arlington, Tex.). The Gulf Research & Development Co. (Pittsburgh) was named as a co-conspirator.

The Justice Department filed suit in U.S. District Court in Los Angeles July 11 against Suburban Gas Co. of Pomona, Calif., seller of liquefied petroleum gas. The suit sought to have the firm, which had acquired 59 liquefied petroleum gas companies since 1948, (a) divest itself of a large ex-competitor, the Calor Gas Co. (Fresno, Calif.), acquired in May 1960, and (b) make other such divestitures "as may be necessary to restore effective competition." Other acquisitions involved in the complaint: 8 firms with 26 plants in Washington, acquired Oct. 1954-May 1960; 5 firms with 9 plants in Arizona, acquired Dec. 1953-May 1960.

The department filed suit in U.S. District Court in St. Paul, Minn. July 11 against the U.S.' 4 largest rock salt companies. The companies had been indicted June 28 by a federal grand jury on price-fixing charges. The July 11 complaint, which was a companion civil action to the indictment, named as defendants: Morton Rock Salt Co. (Chicago); International Salt Co. (Clarks Summit, Pa.); Diamond Crystal Salt Co. (St. Clair, Mich.); Carey Salt Co. (Hutchinson, Kan.). [See p. 244D2]

The North American Van Lines, Allied Van Lines, United Van Lines and Aero Mayflower Transit Co. and 4 executives, indicted June 30 on charges of price violations in the moving industry, pleaded not guilty July 22. [See p. 244C2]

The Justice Department filed suit in U.S. District Court in Jacksonville, Fla. July 21 against 5 bakery firms. It sought double damages for alleged overcharges in the sale of baked goods to naval installations in Florida and Georgia. The concerns, which had pleaded nolo contendere Apr. 11: Ward Baking Co. (N.Y.); American Bakeries Co. (Chicago); Berst Baking Co. (Savannah); Flowers Baking Co. (Thomasville, Ga.); Southern Bakeries Co. (Atlanta). [See p. 135F2]

Acquisitions & Mergers. International Telephone & Telegraph Corp. plans to acquire the balance of the American Cable & Radio Corp.'s stock (it had previously acquired 56.55% of American's stock) were announced July 18 by both firms, subject to American Cable stockholders' approval.

A consent judgment entered in the U.S. District Court in Louisville, Ky. June 5 ended a federal trust suit against Standard Oil Co. of Kentucky (Kyso) by permitting Kyso to merge with Standard Oil Co. of California before Dec. 31. Charges against Standard Oil Co. (N.J.), named as co-defendant in the government's suit filed Dec. 2, 1958, were still pending. The 1958 complaint charged that Kyso had bought about 98% of its petroleum products from the N.J. firm between 1911 and 1948 and more than 76% since 1948. Under terms of the consent judgment, the merging companies agreed that the 1956 contract requiring Kyso to buy 80% of its petroleum products from the N.J. company would end immediately, that they would not obtain those products from that company for sale in 11 Southern states after July 1, 1966 and that they

Business & Financial Summary

Week Ended Aug. 5

	This Week	Last Week	Year Ago
FINANCE:			
U.S. Treasury—			
Monetary gold stocks	*$17,527	*$17,525	*$19,147
Currency circulation	*$32,449	*$32,476	*$32,046
Banks—			
Com'l & ind'l loans§	*[a]$31,320	*$31,380	*$31,189
Agricultural loans	*[a]$1,168	*$1,160	*$1,015
N.Y. bank clearings	$16,226,995,632	$15,470,884,817	$14,826,545,782
England note circulation	*£2,415.349	*£2,400.247	*£2,318.977
N.Y. Stock Exchange—			
Stock sales (shares)	18,832,710	17,360,360	12,843,800
Stock avgs. (100 shares)**	256.69	253.98	222.87
Bond sales (par value)	$33,036,000	$36,060,000	$24,032,100
Bond avgs. (30 bonds)**	85.57	85.48	86.30
INDUSTRY:			
Auto output (cars & trucks)†	47,105	97,398	117,398
Crude oil (bbl. daily)	[b]6,945,210	6,947,960	6,821,310
Soft-coal output (tons)	[c]7,785,000	7,440,000	7,964,000
Electric output (kwh.)	*[b]16,107	*15,829	*15,157
Carloadings (cars)	[b]591,356	584,137	613,988
PRICES:			
Wheat (bu.)	$2.41⅜	$2.38⅝	$2.33⅛
Corn (bu.)	$1.40⅞	$1.40⅜	$1.48¼
Cotton (lb.)	$.3505	$.35	$.3280
Steel scrap avg. (ton)[e]	$37.17	$36.67	$31.50
Wholesale food index‡	[d]$5.90	$5.95	$5.98
Weekly whlsl. index (BLS)¶	[d]118.7	118.6	119.4
BUSINESS:			
Dept. stores sales§¶	[b]125	122	122
Failures (July 27)‡	319	343	293

*In millions **N.Y. Herald Tribune †Ward's estimate ‡Dun & Bradstreet ¶1947-49=100 §Federal Reserve Board [a]Member banks, 107 cities, July 26 [b]July 29 [c]July 22 [d]Aug. 1 [e]Iron Age

Federal Debt Record. The gross federal debt rose to a record $293,172,794,984.62 July 26, according to the U.S. Treasury's financial statement published July 31. [See p. 241F-G3; Vol. XX, 358E-F1]

Personal Income Peak. Total U.S. personal incomes rose to a record seasonally-adjusted annual rate of $416.7 billion in June, the Commerce Department reported July 18. This was up $3½ billion from May, up $13½ billion from the recession "low" in February and up $10 billion from the pre-recession "high" of Oct. 1960. Wage and salary payments rose to an annual rate of $280 billion in June, up almost $2.8 billion over May. Almost half of this increase was in manufacturing payrolls, mostly in auto, steel and metal-working plants. [See p. 236E-F2]

Jan.-June personal incomes rose 2½% above the figure for Jan.-June 1960 to a seasonally-adjusted annual rate of $409 billion, the department reported July 18.

The Agriculture Department estimated July 18 that net farm income in Jan.-June was at an annual rate of $12.6 billion, up 12% from the Jan.-June 1960 annual rate and about 7% from the $11.7 billion estimated for all of 1960. [See p. 107F2]

Corporation Profits. 2d-quarter earnings of 692 non-financial corporations rose 19% above first-quarter earnings but were 2% below the Apr.-June 1960 level, the First National City Bank reported in its Monthly Letter Aug. 1. [See p. 160G2]

Retail Sales Up. Jan.-June sales of the U.S.' 37 leading retail store chains totaled $8,380,785,000, according to a N.Y. Times survey reported July 18. This was a 2.8% gain over Jan.-June 1960 sales. June 1961 sales totaled $1,580,071,000, up 6.4% over June 1960. [See p. 196G2]

would not enter into any agreement on allocation of sales territories. The 2 merging firms were also required to obtain "at least 40% of their requirements for automotive gasoline, kerosene, heating oil and diesel fuel from independent refiners" and obtain no more than 15% from any one independent refiner until July 1, 1976. [See Vol. XVIII, p. 433E2]

The planned merger of Humble Pipe Line Co., wholly-owned affiliate of Humble Oil & Refining Co., and Interstate Oil Pipe Line Co., wholly-owned affiliate of Standard Oil of N.J., was announced by the companies May 29. Humble Oil would own all of the stock in the combined company, and Interstate Pres. Phelan H. Hunter would be president and a director of the new company. Humble Pres. W. S. Spangler would become executive vice president and a director. [See p. 144F2]

Tidewater Oil Co. and Pan American Petroleum Corp., wholly-owned subsidiary of Standard Oil of Indiana, signed agreements in Jersey City, N.J. to buy about 20% and 80% respectively of the stock of Honolulu Oil Corp., for about $380 million (about $100 per outstanding share). Honolulu, with 1,095 oil- and gas-producing wells in Texas, New Mexico, Wyoming and Canada and 555 in California, had gross average daily output of about 52,000 barrels of oil and 3,200 barrels of natural gas liquids and gross natural gas production of about 78 million cubic feet daily.

Capital Airlines was absorbed by United Air Lines June 1 after 11 months of merger negotiations. [See p. 180F2]

Great Northern Ry.'s planned merger with the Northern Pacific Ry., the Cricago, Burlington and Quincy and the Spokane, Portland and Seattle R.R. was approved by Great Northern stockholders in St. Paul May 11.

The merger of the Norfolk & Western Ry. with the N.Y., Chicago & St. Louis (Nickel Plate) R.R. was approved by the Norfolk road stockholders in Roanoke, Va. May 11. [See p. 96G1-A2]

The N.Y. State Banking Department May 23 approved the planned merger of Manufacturers Trust Co. and Hanover Bank into the Manufacturers Hanover Trust Co. (assets: more than $6 billion). The merger, if approved by the Federal Reserve Board, would result in the creation of the 3d largest bank in N.Y. City and the 4th largest in the U.S. [See p. 135D3]

Ford Motor Co. Apr. 13 announced the sale of its Chester, Pa. automotive assembly plant to the Reynolds Metals Co. for $2,200,000.

Mansfield Industries, Inc. of Chicago announced July 25 its purchase of all stock of Atlas Cine Works, Ltd. of Tokyo. The Tokyo firm produced and shipped more than 100,000 of the 159,141 motion picture cameras exported from Japan in 1960, Mansfield said.

A plan for Grayson-Robinson Stores, Inc. to acquire 51% of the common stock of the A. S. Beck Shoe Corp. from the Shoe Corp. of America was announced by the 2 companies July 25.

A plan to merge Dun & Bradstreet, Inc. and the Reuben H. Donnelley Corp., subject to approval of stockholders and directors, was announced by the 2 companies July 11.

Beech-Nut Life Savers, Inc. and J. Hungerford Smith Co. announced May 26 their decision to withdraw a March agreement to merge. [See p. 59E1]

A merger of ACF-Wrigley Stores, Inc. and Penn Fruit, Inc. into a new company called Allied Supermarkets, Inc. was approved May 26 by the directors of both grocery chains.

Century Food Markets, Inc. stockholders June 10 approved the sale of its 39 food stores in Ohio and western Pennsylvania to Loblaw, Inc. of Buffalo, operator of 250 stores in New York, Ohio, Pennsylvania and West Virginia.

A plan to merge the Shepard Niles Crane & Hoist Co. into Ingersoll-Rand Co., which had been approved by directors of both companies, was rejected by Shepard Niles stockholders May 16. Ingersoll-Rand currently owned slightly less than 10% of Shepard Niles stock.

Japanese Stock Offered in U.S. Sony Corp., Tokyo-based manufacturer of such electronic products as transistorized radios and magnetic tape recorders, offered $3½ million worth of its common stock on the U.S. market June 6. This was the first public offering in the U.S. of a Japanese firm's common stock. The offering consisted of 200,000 American Depository shares priced at $17.50 each. Each share represented 10 Sony shares.

Winston Indictment. A federal grand jury in New York July 20 indicted J. A. Winston & Co., N.Y. brokerage firm, and 13 individuals on charges of having defrauded the public of more than $3 million in the 1955-58 sales of American Leduc Petroleum, Ltd. stock. The complaint charged that Lowell M. Birrell, ex-president and chairman of American Leduc, and currently a fugitive in Brazil, had conspired with Winston to sell 3½ million shares of the stock at $1.05 a share. (The stock was currently worth about $.08 a share, Atty. Gen. Robert K. Kennedy said.) The Winston firm, in selling the stock, represented the company as earning money when it was actually losing money, the complaint alleged.

Others accused in the indictment: Winston Pres. Joel Alfred Winston, Albert and Irving Bernstein and Morrison Gilbert, officers, and 8 salesmen. [See p. 144C-D3]

Re & Son Arrested. Gerard A. (Jerry) Re and his son, Gerard F. Re, stock specialists expelled from the securities business, were arrested in New York May 25 on an SEC criminal complaint. They were charged with accepting an Apr. 1959 order from Bernard (Toots) Shor, N.Y. restaurateur, to buy 3,000 shares of Thompson-Starrett Co. stock without specifying "when or at what price said order should be executed" (a violation of SEC regulations). [See p. 170A-D1]

Brann Arrested. Herman William Brann, ex-head of the American & Foreign Bank of Tangier (also called the Moroccan Bank) and major stockholder of the Banque de Depots (Geneva, Switzerland), was arrested by U.S. marshals May 29 in New York aboard the Italian liner Vulcania on stock-manipulation charges. The SEC charged that Brann had sought to create a false appearance of active trading in United Dye & Chemical Corp. stock by entering with a broker Sept. 4, 1956 an order for the purchase of 3,000 shares of United Dye "with the knowledge that an order of the same size, at substantially the same time, and at substantially the same price, for the sale of the said security had been and would be entered with [another broker], . . . for the same party, to wit, the Moroccan Bank." [See p. 87F3]

United Dye Indictment. 26 men and 7 brokerage firms were indicted by a federal grand jury in New York July 14 on charges of conspiring to defraud the public of more than $5 million in the sale of 575,000 shares of United Dye & Chemical Corp. (currently Chemoil Industries, Inc.) stock. (The stock, sold at $13-$16 a share, dropped to $1.50.)

The defendants included Alexander L. Guterma, currently in prison for defrauding F. L. Jacobs Co. stockholders; Garland L. Culpepper Jr. of Huntington, N.Y., secretary of F. L. Jacobs Co.; Herman William Brann; Virgil D. Dardi, president of Chemoil; Samuel S. Garfield of Clare, Mich. and Irving Pasternak of Denver, oil promoters; Allard Roen, manager and part owner of the Desert Inn, Las Vegas, Nev.; Allen K. Swann, a Denver lawyer, and Lewis Levin of Canada.

The complaint charged that in May 1956 Guterma, Garfield, Pasternak, Roen and Swann merged the Handridge Oil Co., of which they were sole stockholders, into United Dye, of which Dardi was then president and Guterma chairman. Through the merger, the defendants received 575,000 shares (75%) of United Dye stock. They allegedly concealed their ownership and conspired with the others to sell the stock.

Corporations named in the indictment: I. F. Stillman & Co., Inc.; R. B. Gravis, Inc.; Cornelis de Vroedt, Inc.; G. F. Rothschild & Co., Inc.; McGrath Securities, Inc.; Rockwell Securities Corp. (no longer in business), and Joseph Herbert Lederer Co., Inc., all of New York. [See p. 180E2]

Leahy Accused. The SEC charged July 26 that Frank Leahy, ex-football coach at Notre Dame and Boston College had made "false" statements about the prospects of the stock of the Hamilton Oil & Gas Corp. of Denver.

The firm had planned the public sale in Oct. 1958 of 1,000,000 shares at $2 each and of an additional 588,000 shares at $.50 each to holders of option rights. Both sales were blocked by the SEC in Jan. 1959. "Optimistic representations [about future stock sales at higher prices] facilitated the distribution to the public by Leahy," then executive vice president and a director of the firm, of 154,700 shares at $1.50 each, the complaint alleged. The SEC charged that the concern's records failed to show (a) payments of more than $25,000 to Leahy's account, (b) an additional $12,512 down-payment on a house for Leahy and (c) payments of more than $52,000 to John O. Maberry, Hamilton's president.

OBITUARIES

Dr. Frank Nathan Daniel Buchman, 83, founder of the Moral Re-Armament (MRA) movement; Aug. 7 in Freudenstadt, Ger. of heart attack. A personal evangelist, Buchman founded his international spiritual reconstruction movement in Oxford, Eng. in 1921 as the First Century Christian Fellowship. It was later called the Oxford Group and finally MRA or "Buchmanism" (1938). Buchman defined MRA as a "God-guided campaign to prevent war by a moral and spiritual awakening." [See Vol. XII, p. 203G]

Nicola Cardinal Canali, 87, grand penitentiary of the Roman Catholic Church, Curia member, administrative head of Vatican City; Aug. 3 in Vatican City of acute bronchitis. [See Vol. XVIII, p. 355D1]

Mei Lan-fang, 67, China's foremost actor (famous for impersonation of female roles); Aug. 8 in Peiping of heart ailment.

Domenico Cardinal Tardini, 73, Vatican secretary of state since 1959; July 30 in Rome. [See Vol. XIX, p. 350E2, XVIII, 419D2]

Joseph Ernest Cardinal van Roey, 87, archbishop of Malines, Belgium since 1926, only Belgian representative in Roman Catholic College of Cardinals; Aug. 6 in Brussels. [See Vol. XX, p. 474F2; XII, 291M]